

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

Compliance Examination
For the Two Years Ended June 30, 2019

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
For the Two Years Ended June 30, 2019**

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Treasurer's Office Officials		1
Management Assertion Letter		2
Compliance Report		
Summary		4
Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes		6
Schedule of Findings		
Current Findings – State Compliance		9
Supplementary Information for State Compliance Purposes		
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures and Lapsed Balances:		
Fiscal Year 2019	1	18
Fiscal Year 2018	2	20
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	3	22
Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller	4	28
Schedule of Locally Held Funds	5	32
Schedule of Changes in State Property	6	34
Analysis of Operations (Not Examined)		
Agency Functions and Planning Program (Not Examined)		35
Analysis of Significant Variations in Expenditures (Not Examined)		40
Analysis of Significant Variations in Cash Receipts (Not Examined)		50
Analysis of Significant Lapse Period Spending (Not Examined)		54
Average Number of Employees (Not Examined)		55
Emergency Purchases (Not Examined)		56

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
For the Two Years Ended June 30, 2019**

Treasurer's Office Officials

Treasurer	The Honorable Michael W. Frerichs
Chief of Staff	Mr. G. Allen Mayer (June 7, 2018 to Present)
Chief of Staff	Vacant (January 6, 2018 to June 6, 2018)
Chief of Staff	Mr. Justin Cajindos (through January 5, 2018)
Deputy Treasurer	Mr. Jay Rowell (through June 30, 2018)
Deputy Treasurer & Chief Investment Officer	Mr. Rodrigo Garcia (March 18, 2018 to Present)
Chief Investment Officer – Chief Financial Officer*	Mr. Rodrigo Garcia (through March 17, 2018)
General Counsel & Ethics Officer	Ms. Laura Duque (December 1, 2019 to Present)
General Counsel & Ethics Officer (<i>Acting</i>)	Mr. Chris Flynn (April 22, 2019 to November 30, 2019)
General Counsel & Ethics Officer	Ms. Gwendolyn Drake (July 1, 2018 to April 21, 2019)
Interim General Counsel & Ethics Officer	Mr. G. Allen Mayer (June 7, 2018 to June 30, 2018)
General Counsel & Ethics Officer	Mr. G. Allen Mayer (December 1, 2017 to June 6, 2018)
General Counsel & Ethics Officer	Mr. Keith Horton (through December 8, 2017)
Executive Inspector General for the Illinois State Treasurer (<i>Acting</i>)	Mr. Dennis Rendleman (February 18, 2020 to Present)
Executive Inspector General for the Illinois State Treasurer	Vacant (January 1, 2020 to February 17, 2020) Mr. Raymond Watson (through December 31, 2019)
Chief Internal Auditor	Ms. Leighann Manning
Director of State Investment and Banking	Ms. Elizabeth Turner
Director of Fiscal Operations	Ms. Deborah Miller

*Chief Financial Officer title merged into Chief Investment Officer title on March 18, 2018.

Treasurer's Office Locations

The Office of the Treasurer had the following office locations during the year:

Executive Office
State Capitol
219 State House
Springfield, Illinois 62706

Chicago Office Legal / Programmatic
James R Thompson Center
100 West Randolph Street, Suite 15-600
Chicago, Illinois 60601

Operations Division
Illinois Business Center
400 West Monroe Street, Suite 401
Springfield, Illinois 62704

Unclaimed Property Division
Myers Building
1 W. Old State Capitol Plaza, Suite 400
Springfield, Illinois 62701



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHS

May 28, 2020

Crowe LLP
3601 Wabash Avenue Suite 201
Springfield, Illinois 62711

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Office of the Treasurer (Office), Non-Fiscal Officer Responsibilities. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Office's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the Office has materially complied with the specified requirements listed below.

- A. The Office has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Office has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Office has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Office are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

State Capitol
Room 219
Springfield, IL 62706
Phone: (217) 782-2211
Fax: (217) 785-2777
TTY: (866) 877-6013

James R. Thompson Center
100 West Randolph Street
Suite 15-600
Chicago, IL 60601
Phone: (312) 814-1700
Fax: (312) 814-5930
TTY: (866) 877-6013

Illinois Business Center
400 West Monroe Street
Suite 401
Springfield, IL 62704
Phone: (217) 782-6540
Fax: (217) 524-3822
TTY: (866) 877-6013

Myers Building
One West Old State Capitol Plaza
Suite 400
Springfield, IL 62701
Phone: (217) 785-6998
Fax: (217) 557-9365
TTY: (866) 877-6013

- E. Money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

State of Illinois, Office of the Treasurer

Signed Original on File

The Honorable Michael Frerichs
Treasurer

Signed Original on File

Mr. G. Allen Mayer
Chief of Staff

Signed Original on File

Mr. Rodrigo Garcia
Deputy Treasurer & Chief Investment Officer

Signed Original on File

Ms. Laura Duque
General Counsel & Ethics Officer

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
For the Two Years Ended June 30, 2019**

Compliance Report

Summary

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

Accountant's Report

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance. Additionally, the Independent Accountant's Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes contains a scope limitation on compliance and internal control over Unclaimed Property.

Summary of Findings

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	5	3
Repeated findings	3	2
Prior recommendations implemented or not repeated	0	1

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
Findings (STATE COMPLIANCE)				
2019-001	9	New	Lack of Adequate Controls Over Review of Internal Controls of External Service Providers	Material Weakness and Material Noncompliance
2019-002	11	2017	Lack of Controls over Monthly Reconciliations	Significant Deficiency and Noncompliance
2019-003	13	2017	Noncompliance with Office Personnel Policies and Procedures	Significant Deficiency and Noncompliance
2019-004	14	New	Lack of Controls over Agency Fee Imposition Reports	Significant Deficiency and Noncompliance
2019-005	16	2017	Noncompliance with Office Vehicle Policies and Procedures	Significant Deficiency and Noncompliance

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
For the Two Years Ended June 30, 2019**

Exit Conference

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on April 21, 2020. Attending were:

Office of the Treasurer

G. Allen Mayer, Chief of Staff
Deborah Miller, Director of Fiscal Operations
Leighann Manning, Chief Internal Auditor
Eric Williams, Senior Internal Auditor
Wes Howerton, Deputy Director of Fiscal Operations

Office of the Auditor General

Sara Metzger, Audit Manager

Crowe LLP

Chris Mower, Partner
Brandon Reed, Senior Manager

The responses to the recommendations were provided by Leighann Manning, Chief Internal Auditor, in correspondence dated May 5, 2020 and May 13, 2020.

**Independent Accountant's Report on State Compliance,
on Internal Control Over Compliance,
and on Supplementary Information
for State Compliance Purposes**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois (State), Office of the Treasurer, NonFiscal Officer Responsibilities' (Office) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2019. Management of the Office is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Office has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Office has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Office has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Office are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied, with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that

the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

Our examination does not provide a legal determination on the Office's compliance with the specified requirements.

During our examination, the Office did not provide certain requested documentation and was unable to answer certain inquiries, related to our engagement to examine the Office's unclaimed property division, a part of our overall engagement to examine the Office's compliance with the specified requirements listed above. Management represented to us that they could not provide the requested documentation or answer certain inquiries at the request of law enforcement and investigatory authorities in order to avoid interference with an ongoing investigation and related legal proceedings (See *Government Auditing Standards* issued by the Comptroller General of the United States Paragraph 5.10). Access to such documentation requested and responses to our inquiries were necessary to complete our examination procedures of the unclaimed property division of the Office. As a result, we were unable to determine compliance with the requirements listed above of the unclaimed property division of the Office.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Office during the two years ended June 30, 2019.

As described in the accompanying Schedule of Findings as item 2019-001, the Office had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for possible effects of the scope limitation discussed above and except for the material deviation from the specified requirements described in the preceding paragraph, the Office complied, with the specified requirements during the two years ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2019-002 through 2019-005.

The Office's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Office's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Office is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Office's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Office's compliance with the specified requirements and to test and report on the Office's internal control over compliance in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were

not identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2019-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2019-002 through 2019-005 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Office's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Office's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Office's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2019 in Schedules 1 through 6 and the Analysis of Operations Section on pages 34-55 are presented for purposes of additional analysis. Such information is the responsibility of the Office's management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedules 1 through 6. We have not applied procedures to the accompanying supplementary information for the year ended June 30, 2017 in Schedules 3 through 6 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedules 1 through 6 or the Analysis of Operations Section.

Signed Original
on File

Crowe LLP

Springfield, Illinois
May 28, 2020

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance

2019-001 FINDING: (Lack of Adequate Controls over the Review of Internal Controls over Service Providers)

The Office of the Treasurer (Office) did not maintain adequate controls over external service providers.

The Office uses service providers and vendors to carry out various programs and operational activities. At the request of the auditors, the Office compiled a listing of service providers and summarized its monitoring efforts over the providers. In reviewing the Office's documentation related to monitoring of service providers, the auditors noted the following:

- The Office did not review the Service Organization Control (SOC) report for the Illinois Department of Innovation and Technology (DoIT), the organization which provides the payroll application for Office employees. As a result, the Office did not identify deficiencies in the SOC report which may require mitigating controls be implemented by the Office.
- The Office utilized third-party service providers as the custodian of the Illinois Funds Program and as payment processors for the E-Pay Program. The service providers utilized external subservice organizations to perform certain significant services. The Office did not perform adequate monitoring efforts over significant subservice organizations utilized by the service providers.
- The Office utilized a service provider to manage the Achieving a Better Life Experience Program (ABLE), which utilized an external subservice organization to perform certain significant services. During testing, the auditors noted the Office performed procedures designed to understand the external subservice organization's process and controls, but did not properly assess the sufficiency of the procedures related to financial reporting controls. In addition, the procedures performed were not sufficiently documented.

In addition, we noted the Office did not maintain a formal, centralized vendor management program which documented its evaluation of new service providers and vendors and its monitoring of existing service providers and vendors. The lack of a centralized vendor management program has resulted in inconsistencies in monitoring of vendors across the Office as described in the preceding bullet points. Office officials indicated they do not believe a centralized service provider and vendor management program are necessary, as service provider and vendor management is handled at the divisional level.

The Office is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the process being outsourced.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, generally accepted information technology guidance, including guidance of the National Institute of Standards and Technology, endorses internal controls over service providers and vendors to limit risk.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-001 FINDING: (Lack of Adequate Controls over the Review of Internal Controls over Service Providers) - continued

Without a formal service provider and vendor management program, the Office has no assurance that all Office service providers and vendors were being reviewed to determine the degree of monitoring required for each service provider or vendor and whether the Office established complementary controls for the service provider or vendor. In addition, the lack of a centralized management program subjects the Office to risks service providers will not be monitored properly or on a timely basis. (Finding Code No. 2019-001)

Recommendation

We recommend the Office identify all service providers and determine and document if a review of controls is required. If required, the Office should:

- Obtain Service Organization Control (SOC) reports (or perform independent reviews) of internal controls associated with outsourced systems at least annually.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the usage of the subservice organizations would not impact the Office's internal control environment.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Office, and any compensating controls.

In addition, we recommend the Office implement a formal and centralized vendor management program to determine the degree of monitoring required for each vendor and the appropriate complementary controls the Office should implement for each vendor.

Office Response

The Office accepts the finding and has started to develop a centralized vendor management program as part of a comprehensive updating of financial systems for the Office. The Office already obtains Service Organization Control (SOC) reports of the outsourced systems deemed necessary, on an annual basis. In the one instance this was not done, it involved a state agency (DoIT) providing a service. Additionally, SOC reports are obtained for the subservice organizations when deemed necessary. Review of these reports are documented, to include all significant issues, corrective action plans and compensating controls.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-002 FINDING: (Lack of Controls over Monthly Reconciliations)

The Office of the Treasurer (Office) did not maintain adequate controls over monthly appropriation, contract, and obligation reconciliations.

The Office expended \$3.777 billion and \$5.710 billion in Fiscal Years 2018 and 2019, respectively. During our sample testing of Fiscal Year 2018 and 2019 reconciliations between Illinois Office of the Comptroller (IOC) records and the Office's records, we noted the following:

- The Office did not perform reconciliations of the Agency Contract Report (SC14) during the examination period.
- Two of five (40%) Monthly Obligation Activity Report (SC15) reconciliations tested were not performed within 60 days. The reconciliations were completed 77-98 days after month-end.
- One of five (20%) Monthly Appropriation Status Report (SB01) reconciliations tested was not performed within 60 days. The reconciliation was completed 75 days after month-end.
- One of five (20%) Object Expense/Expenditures by Quarter Report (SA02) reconciliations tested was not performed within 60 days. The reconciliation was completed 75 days after month-end.
- One of five (20%) Monthly Appropriation Transfer Report (SB03) reconciliations tested was not performed within 60 days. The reconciliation was completed 75 days after month-end.

During the prior State compliance examination, it was noted the Office did not include documentation on the SB01 Report, Monthly Cash Report (SB05), or Monthly Revenue Status Report (SB04) supporting separation of duties between the reconciliation preparer and reviewer, as no signature was documented for one or both parties. We noted no similar exceptions during the current State compliance examination sample testing.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires Agencies to reconcile their records to SAMS within 60 days of month-end. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Good internal control practices include timely, documented reviews.

Office officials stated SC14 reconciliations were not performed, or not performed timely, due to oversight. They stated the SC15, SB01, SA02, and SB03 reconciliations were not performed timely due to competing financial reporting priorities at the times the reconciliations were due.

Failure to reconcile financial reports on a timely basis could result in unresolved accounting differences and increases the risk of misappropriation of State funds. (Finding Code No. 2019-002, 2017-001)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-002 **FINDING:** (Lack of Controls over Monthly Reconciliations) - Continued

Recommendation

We recommend the Office develop controls to ensure monthly reconciliations are being completed and reviewed in a timely manner.

Office Response

The Office accepts the recommendation. The Office will review reconciliation processes with the objective of strengthening internal controls to ensure monthly reconciliations are completed and reviewed in a timely manner.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-003 FINDING: (Noncompliance with Office Personnel Policies and Procedures)

The Office of the Treasurer (Office) did not consistently conduct employee performance appraisals as required by Office policies.

During our State compliance examination of employee personnel files, we noted the following:

- Seven of nine (78%) employees eligible to receive a three-and/or six-month performance evaluation did not receive either evaluation.
- One of nine (11%) three-month performance evaluations tested were not signed timely after the evaluation end date. The evaluation was signed 32 days after the evaluation end date.
- Seven of 16 (44%) annual performance evaluations tested were not signed timely after the evaluation end date, ranging from 29 to 174 days past the evaluation end date.
- Nine of 16 (56%) annual performance evaluations tested were missing from the employee personnel file.

The Office's Personnel Rules (80 Ill. Adm. Code 620.420 (d)) require performance appraisals to be conducted annually for each certified employee. In addition, the Office's Employee Reference Manual states "All employees will generally be evaluated as follows: a new hire may receive two probationary evaluations: one at the end of the third month of the employee's probationary period and/or before the conclusion of six months; annually based on their hire date or anniversary date; before the end of a promotional probationary period, which is three months after promotion or transfer; and at any time deemed necessary by the immediate supervisor."

Office officials stated the performance evaluations were missing or unsigned due to oversight.

Employee performance appraisals are an effective management tool for helping employees toward common goals. Performance appraisals are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. They should serve as a foundation for salary adjustments, promotions, demotions, discharge, layoff, and recall and reinstatement decisions. (Finding Code No. 2019-003, 2017-002, 2015-001, 2013-002, 11-2, 09-1, 07-2, 05-1, 03-2)

Recommendation

We recommend the Office ensure performance appraisals are conducted in a timely manner and in accordance with the Treasurer's Office rules and policies.

Office Response

The Office accepts the recommendation and will continue to emphasize the importance of the timely completion of employee performance evaluations. The Office has implemented a new online electronic performance evaluation system to help streamline the process for supervisors.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-004 **FINDING:** (Lack of Controls over Agency Fee Imposition Reports)

The Office of the Treasurer (Office) did not maintain adequate controls over its Agency Fee Imposition Reports.

During our State compliance examination, we noted the following issues in testing Fiscal Year 2017 and 2018 Agency Fee Imposition Reports:

- 38 of 41 (93%) reported fees, totaling \$87,714,016 and \$86,864,534 in Fiscal Years 2017 and 2018, respectively, should not have been reported as they represented fines and/or penalties imposed by County Courts and remitted to the State of Illinois and, therefore, did not meet the definition of a fee per the Statewide Accounting Management System (SAMS) Manual. In addition, the amounts reported represented amounts imposed by other agencies, not fees imposed by the Office and, therefore, should have been reported by the agency imposing the fee.
- Two of 41 (5%) reported fees, totaling \$2,213,365 and \$2,112,405 in Fiscal Years 2017 and 2018, respectively, did not list the degree to which program goals were met or the population affected by the fee.
- One of 41 (2%) reported fees, totaling \$21,380 and \$23,117 in Fiscal Years 2017 and 2018, respectively, should not have been reported as they represented fees charged to other State of Illinois Agencies and, therefore, did not meet the definition of a fee per the SAMS Manual.

The State Comptroller Act (15 ILCS 405/16.2) states “a State Agency that imposes fees shall file an Agency Fee Imposition Report Form.” Further, SAMS Manual (Procedure 33.16.20) defines “fees” as charges by State Agencies to citizens and private organizations and indicates criminal and civil penalties should not be reported on Agency Fee Imposition Reports. The SAMS Manual Procedure also requires Agencies to report various elements in their Agency Fee Imposition Report, including the general population affected by the fee and the degree to which the goals of the program are met.

Office officials stated the fees assessed by Counties and the fees assessed to other State of Illinois Agencies were included on the Agency Fee Imposition Reports as the fees were remitted to the Office. In addition, certain fields for two fees within the Agency Fee Imposition Reports were not populated due to oversight.

Failure to properly prepare and file Agency Fee Imposition Reports is noncompliance with SAMS Manual requirements and may limit the Illinois Office of the Comptroller’s ability to prepare an accurate State-wide Fee Imposition Report. (Finding Code No. 2019-004)

Recommendation

We recommend the Office ensure Agency Fee Imposition Reports are filed in accordance with SAMS Manual requirements and only include fees as defined by the SAMS Manual. In addition, we recommend Agency Fee Imposition Reports include all reporting elements required by the SAMS Manual.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-004 **FINDING:** (Lack of Controls over Agency Fee Imposition Reports) - Continued

Office Response

The Office accepts the finding. The Treasurer’s Office requested the Illinois Office of the Comptroller review the SAMS manual Agency Fee Imposition reporting requirement for fees and fines and the applicability to the fees and fines collected from counties, municipalities and other public entities reported by our Office. Based on the review, the Comptroller’s Office responded that though the fees included in the Treasurer’s Office Fee Imposition report submission are imposed by local entities, the fees are collected by the State and deposited into State Funds and, therefore, are an important component of a comprehensive revenue picture for the State of Illinois. The Office will work with the Comptroller regarding SAMS Manual fee reporting requirements and will ensure the Agency Fee Imposition report is filed in accordance with SAMS Manual reporting requirements.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-005 **FINDING:** (Noncompliance with Office Vehicle Policies and Procedures)

The Office of the Treasurer (Office) did not maintain adequate controls over State vehicle use.

During our State compliance examination, we noted the following:

- The Office does not have a procedure in place to report vehicle accidents to the Department of Central Management Services (CMS) using the Motorist's Report of Illinois Motor Vehicle Accident Form (Form SR-1). The Office had four vehicle accidents during the examination period which were not reported to CMS on Form SR-1.
- Purchasing cards are available to Office personnel for fuel purchases while traveling in an Office vehicle. Office policy requires a Vehicle Log be completed to track Office vehicle use. Three of 98 (3%) auto purchasing card transactions tested could not be traced to a completed Vehicle Log.
- The Office does not have a policy in place regarding take-home vehicles, including requirements for emergency use of take-home vehicles or restrictions on the use of take-home vehicles for commuting purposes.

During the prior State compliance examination, it was noted that vehicle usage reports did not include documentation supporting beginning or ending fiscal year vehicle mileage. We noted no similar exceptions during the current State compliance examination sample testing.

The Illinois Administrative Code (44 Ill. Adm. Code 5040.520 (a)) (Code) requires the driver of any vehicle involved in an accident of any type while he or she is within the scope or course of his or her employment with the State of Illinois to report the accident to the CMS Auto Liability Unit by completing Form SR-1. The Office's Vehicle Use Policy states that a log of beginning and ending mileage and the purpose of each trip must be maintained. The State Vehicle Use Act (30 ILCS 617/10b) requires each State agency to draft a vehicle use policy which includes provisions regarding take-home vehicles, including requirements for emergency use of take-home vehicles and restrictions on the use of take-home vehicles for commuting.

Office officials stated vehicle accidents were not reported to CMS on Form SR-1 due to oversight and vehicle logs weren't completed due to a newly hired employee being unfamiliar with Office requirements. In addition, Office officials stated the Vehicle Policy did not address take home vehicles because the Office does not have take-home vehicles and therefore the Office did not see the need for it to be included.

The failure to submit Form SR-1 impedes the CMS Auto Liability Unit from timely reviewing the form to determine the motorist responsible for the accident and either recognizing the State's liability or collecting on the insurance of another motorist. In addition, lack of completed Vehicle Logs or a formal policy regarding take-home vehicles increases the risk of abuse of vehicle usage. (Finding Code No. 2019-005, 2017-003, 2015-002)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings
For the Two Years Ended June 30, 2019**

Current Findings – State Compliance (Continued)

2019-005 **FINDING:** (Noncompliance with Office Vehicle Policies and Procedures) -
Continued

Recommendation

We recommend the Office submit Form SR-1 to CMS for any vehicle accidents and communicate and enforce the provisions of the Vehicle Use Policy to ensure Vehicle Logs are completed when using an Office vehicle. In addition, we recommend the Office review its Vehicle Use Policy to ensure it contains all required elements.

Office Response

The Office accepts the recommendation. The Vehicle Use Policy has been updated with all required elements in the Employee Reference Manual and shared with all staff. The Office did not have any take home vehicles, but the revised Vehicle Use Policy addresses such vehicles. The Office will continue to communicate and enforce the provisions of the Vehicle Use Policy to ensure the requirements are adhered to by Office personnel. Finally, the Office will ensure all proper documentation is completed.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Appropriations, Expenditures, and Lapsed Balances**

**Appropriations For Fiscal Year 2019
Sixteen Months Ended October 31, 2019**

Public Act 100-0586 and Continuing Appropriations Appropriated Funds	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures	Total Expenditures	Balance Lapsed
General Revenue Fund - 0001					
Refunds of Accrued Interest on Protested Tax Cases	\$ 1,000,000	\$ 138,227	\$ -	\$ 138,227	\$ 861,773
State Pensions Fund - 0054					
Operational Expenses	25,132,960	22,408,147	1,458,723	23,866,870	1,266,090
General Obligation Bond Retirement and Interest Fund - 0101					
Payment of Principal on General Obligation Bonds and Short-Term Borrowing	2,546,512,317	2,539,512,317	-	2,539,512,317	7,000,000
Payment of Interest on General Obligation Bonds and Short-Term Borrowing	1,579,965,647	1,529,311,129	-	1,529,311,129	50,654,518
Escrow Payments on Refunding Bond Issue	1,168,590,871	1,168,590,871	-	1,168,590,871	-
Total General Obligation Bond Retirement and Interest Fund	5,295,068,835	5,237,414,317	-	5,237,414,317	57,654,518
State Treasurer's Administrative Fund - 0103					
State Treasurer's Administrative Fund	12,400,000	5,484,206	366,363	5,850,569	6,549,431
General Obligation Bond Rebate Fund - 0107					
Arbitrage Tax Rebate Payments	1,000,000	-	-	-	1,000,000
Estate Tax Refund Fund - 0121					
Estate Tax Refunds	11,106,622	11,106,621	-	11,106,621	1
State Treasurer's Bank Service Fund - 0373					
Payments for Banking Services	8,100,000	3,546,793	1,689,975	5,236,768	2,863,232
Charitable Trust Stabilization Fund - 0435					
Operational Costs and Grants	2,000,000	1,145,255	17,466	1,162,721	837,279
Total Appropriated Funds	<u>\$ 5,355,808,417</u>	<u>\$ 5,281,243,566</u>	<u>\$ 3,532,527</u>	<u>\$ 5,284,776,093</u>	<u>\$ 71,032,324</u>

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Appropriations, Expenditures, and Lapsed Balances - Continued**

**Appropriations For Fiscal Year 2019
Sixteen Months Ended October 31, 2019**

Nonappropriated Funds	Expenditures Through June 30	Lapse Period Expenditures	Total Expenditures
IPTIP Administrative Trust Fund - 0195			
Administrative Expenses of the Illinois Public Treasurers' Investment Pool	\$ 4,532,158	\$ 393,830	\$ 4,925,988
Metropolitan Pier and Exposition Authority Trust Fund - 0337			
Pay Surplus Revenues MPEA	44,292,623	-	44,292,623
Payment of Funds/Bond Payments	164,896,324	-	164,896,324
Total Metropolitan Pier and Exposition Authority Trust Fund	209,188,947	-	209,188,947
Protest Fund - 0401			
Refund of Monies Paid under Protest	5,246,070	-	5,246,070
Unclaimed Property Trust Fund - 0482			
Refunds of Unclaimed Property	195,065,538	858,128	195,923,666
College Savings Pool Administrative Trust Fund - 0668			
College Savings Plan Administrative Costs	3,026,717	159,021	3,185,738
Commemorative Medallions Fund - 0767			
Contractual Services	20,378	-	20,378
Convention Center Support Fund - 0933			
Grants to Local Governments	6,109,002	590,504	6,699,506
Total All Nonappropriated Funds	423,188,810	2,001,483	425,190,293
Total All Funds	<u>\$ 5,704,432,376</u>	<u>\$ 5,534,010</u>	<u>\$ 5,709,966,386</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Office records as of October 31, 2019, and reconciled to records of the Illinois Office of the Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Treasurer and submitted to the State Comptroller for payment to the vendor.

Note 3: The General Obligation Bond Act (30 ILCS 330/14 and 16) provides a continuing appropriation for the State's payment of principal and interest due on general obligation bonds and for the escrow payments due on refunded bonds. The Illinois Estate and Generation-Skipping Transfer Tax Act (35 ILCS 405/13) provides a continuing appropriation for the State's payment of estate tax refunds due.

State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities

Compliance Examination
Schedule of Appropriations, Expenditures, and Lapsed Balances

Appropriations For Fiscal Year 2018
Sixteen Months Ended October 31, 2018

Public Act 100-0021 and Continuing Appropriations					
Appropriated Funds	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures	Total Expenditures	Balance Lapsed
General Revenue Fund - 0001					
Operational Expenses	\$ 7,601,800	\$ 6,332,765	\$ 923,739	\$ 7,256,504	\$ 345,296
Refunds of Accrued Interest on Protested Tax Cases	1,000,000	-	-	-	1,000,000
Total General Revenue Fund	<u>8,601,800</u>	<u>6,332,765</u>	<u>923,739</u>	<u>7,256,504</u>	<u>1,345,296</u>
State Pensions Fund - 0054					
Operational Cost to Administer the Illinois Secure Choice Savings Program	2,081,300	723,290	92,180	815,470	1,265,830
Operational Expenses	11,051,660	9,704,635	938,554	10,643,189	408,471
Total State Pensions Fund	<u>13,132,960</u>	<u>10,427,925</u>	<u>1,030,734</u>	<u>11,458,659</u>	<u>1,674,301</u>
General Obligation Bond Retirement and Interest Fund - 0101					
Payment of Principal on General Obligation Bonds and Short-Term Borrowing	1,989,202,900	1,989,202,806	-	1,989,202,806	94
Payment of Interest on General Obligation Bonds and Short-Term Borrowing	1,472,427,765	1,472,427,764	-	1,472,427,764	1
Total General Obligation Bond Retirement and Interest Fund	<u>3,461,630,665</u>	<u>3,461,630,570</u>	<u>-</u>	<u>3,461,630,570</u>	<u>95</u>
General Obligation Bond Rebate Fund - 0107					
Arbitrage Tax Rebate Payments	1,000,000	-	-	-	1,000,000
Estate Tax Refund Fund - 0121					
Estate Tax Refunds	13,742,400	13,742,400	-	13,742,400	-
State Treasurer's Bank Service Fund - 0373					
Payments for Banking Services	8,100,000	3,871,829	589,918	4,461,747	3,638,253
Charitable Trust Stabilization Fund - 0435					
Operational Costs and Grants	2,000,000	950,150	41,772	991,922	1,008,078
Total Appropriated Funds	<u>\$ 3,508,207,825</u>	<u>\$ 3,496,955,639</u>	<u>\$ 2,586,163</u>	<u>\$ 3,499,541,802</u>	<u>\$ 8,666,023</u>

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Appropriations, Expenditures, and Lapsed Balances - Continued**

**Appropriations For Fiscal Year 2018
Sixteen Months Ended October 31, 2018**

Nonappropriated Funds	Expenditures Through June 30	Lapse Period Expenditures	Total Expenditures
State Treasurer's Administrative Fund - 0103			
State Treasurer's Administrative Fund	\$ 22,811	\$ 2,317	\$ 25,128
IPTIP Administrative Trust Fund - 0195			
Administrative Expenses of the Illinois Public Treasurers' Investment Pool	4,214,358	565,626	4,779,984
Metropolitan Pier and Exposition Authority Trust Fund - 0337			
Pay Surplus Revenues MPEA	5,394,010	-	5,394,010
Payment of Funds/Bond Payments	110,078,656	-	110,078,656
Total Metropolitan Pier and Exposition Authority Trust Fund	115,472,666	-	115,472,666
Protest Fund - 0401			
Refund of Monies Paid Under Protest	8,580,285	-	8,580,285
Unclaimed Property Trust Fund - 0482			
Refunds of Unclaimed Property	138,440,546	553,552	138,994,098
College Savings Pool Administrative Trust Fund - 0668			
College Savings Plan Administrative Costs	2,765,968	246,116	3,012,084
Convention Center Support Fund - 0933			
Grants to Local Governments	6,490,890	348,243	6,839,133
Total All Nonappropriated Funds	275,987,524	1,715,854	277,703,378
Total All Funds	\$ 3,772,943,163	\$ 4,302,017	\$ 3,777,245,180

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Office records as of October 31, 2018, and reconciled to records of the Illinois Office of the Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Treasurer and submitted to the State Comptroller for payment to the vendor.

Note 3: The General Obligation Bond Act (30 ILCS 330/14 and 16) provides a continuing appropriation for the State's payment of principal and interest due on general obligation bonds and for the escrow payments due on refunded bonds. The Illinois Estate and Generation-Skipping Transfer Tax Act (35 ILCS 405/13) provides a continuing appropriation for the State's payment of estate tax refunds due.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Comparative Schedule of Net Appropriations, Expenditures
and Lapsed Balances**

For the Fiscal Years Ended June 30

Appropriated Funds	<u>2019</u>	<u>2018</u>	<u>2017</u> Public Acts 99-0524 and 100-0021, Continuing Appropriations and Court-Ordered Expenditures
	PA 100-0586 and Continuing Appropriations	PA 100-0021 and Continuing Appropriations	
General Revenue Fund - 0001			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 1,000,000	\$ 8,601,800	
Expenditures			
Regular Positions	-	4,491,487	\$ 4,780,520
Employee Retirement - Contributions			
Paid by Employer	-	125,319	125,150
State Contribution to Social Security	-	329,848	350,143
Contractual Services	-	1,409,590	551,313
Travel	-	47,982	15,750
Commodities	-	7,702	2,238
Printing	-	2,807	1,206
Equipment	-	1,329	483
Electronic Data Processing	-	468,167	17,224
Telecommunications	-	108,153	-
Operation of Auto Equipment	-	16,225	3,931
Refunds of Accrued Interest on Protested Tax Cases	138,227	163,029	94,844
Inspector General	-	84,866	69,128
Total Expenditures	<u>138,227</u>	<u>7,256,504</u>	<u>6,011,930</u>
Lapsed Balances	<u>\$ 861,773</u>	<u>\$ 1,345,296</u>	
State Pensions Fund - 0054			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 25,132,960	\$ 13,132,960	\$ 13,133,000
Expenditures			
Regular Positions	7,327,219	4,436,206	4,262,125
Employee Retirement - Contributions			
Paid by Employer	171,236	88,352	88,639
State Contribution to State Employees' Retirement System	3,682,002	2,178,190	1,851,822
State Contribution to Social Security	536,553	324,494	312,169
Group Insurance - Contributions			
Paid by Employer	2,088,925	1,271,083	1,369,856
Contractual Services	3,365,372	2,343,133	2,610,210
Travel	104,261	62,051	42,150
Commodities	72,390	37,573	70,221
Printing	-	542	1,575
Equipment	41,131	39,224	97,278
Electronic Data Processing	1,193,543	527,965	152,004
Telecommunications	236,592	143,012	122,452
Operation of Auto Equipment	15,304	6,778	1,222
Inspector General	13,204	-	-
Renovations	5,019,028	-	-
Prompt Pay Interest	110	56	101
Total Expenditures	<u>23,866,870</u>	<u>11,458,659</u>	<u>10,981,824</u>
Lapsed Balances	<u>\$ 1,266,090</u>	<u>\$ 1,674,301</u>	<u>\$ 2,151,176</u>

(continued)

State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities

Compliance Examination
Comparative Schedule of Net Appropriations, Expenditures
and Lapsed Balances - Continued

For the Fiscal Years Ended June 30

Appropriated Funds	<u>2019</u> PA 100-0586 and Continuing Appropriations	<u>2018</u> PA 100-0021 and Continuing Appropriations	<u>2017</u> Public Acts 99-0524 and 100-0021, Continuing Appropriations and Court-Ordered Expenditures
General Obligation Bond Retirement and Interest Fund - 0101			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 5,295,068,835	\$ 3,461,630,665	\$ 4,742,793,180
Expenditures			
Payment of Principal on General Obligation Bonds and Short-Term Borrowing	2,539,512,317	1,989,202,806	1,968,091,342
Payment of Interest on General Obligation Bonds and Short-Term Borrowing	1,529,311,129	1,472,427,764	1,381,978,352
Escrow Payments on Refunding Bond Issue	1,168,590,871	-	1,392,723,486
Total Expenditures	5,237,414,317	3,461,630,570	4,742,793,180
Lapsed Balances	\$ 57,654,518	\$ 95	\$ -
State Treasurer's Administrative Fund - 0103			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 12,400,000	\$ -	\$ -
Expenditures			
Regular Positions	2,695,800	-	-
Employee Retirement - Contributions Paid by Employer	74,347	-	-
State Contribution to State Employees' Retirement System	1,392,593	-	-
State Contribution to Social Security Group Insurance - Contributions Paid by Employer	198,941	-	-
Contractual Services	661,636	-	-
Travel	479,817	-	-
Commodities	54,022	-	-
Prompt Pay	26,237	-	-
Equipment	11	-	-
Electronic Data Processing	68,048	-	-
Telecommunications	123,727	-	-
Operation of Auto Equipment	65,732	-	-
Inspector General	4,815	-	-
	4,843	-	-
Total Expenditures	5,850,569	-	-
Lapsed Balances	\$ 6,549,431	\$ -	\$ -
General Obligation Bond Rebate Fund - 0107			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Expenditures			
Arbitrage Tax Rebate Payments	-	-	-
Lapsed Balances	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Estate Tax Refund Fund - 0121			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 11,106,622	\$ 13,742,400	\$ 6,617,707
Expenditures			
Estate Tax Refunds	11,106,621	13,742,400	6,617,707
Lapsed Balances	\$ 1	\$ -	\$ -

(continued)

State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities

Compliance Examination
Comparative Schedule of Net Appropriations, Expenditures
and Lapsed Balances - Continued

For the Fiscal Years Ended June 30

Appropriated Funds	<u>2019</u>	<u>2018</u>	<u>2017</u> Public Acts 99-0524 and 100-0021, Continuing Appropriations and Court-Ordered Expenditures
	PA 100-0586 and Continuing Appropriations	PA 100-0021 and Continuing Appropriations	
State Treasurer's Bank Service Fund - 0373			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 8,100,000	\$ 8,100,000	\$ 8,100,000
Expenditures			
Payments for Banking Services	5,236,768	4,461,747	4,690,977
Lapsed Balances	<u>\$ 2,863,232</u>	<u>\$ 3,638,253</u>	<u>\$ 3,409,023</u>
Charitable Trust Stabilization Fund - 0435			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Expenditures			
Regular Positions	148,984	294,663	232,223
Employee Retirement - Contributions			
Paid by Employer	5,963	10,342	8,919
State Contribution to State Employees'			
Retirement System	76,941	142,153	103,567
State Contribution to Social Security	11,038	21,871	17,183
Group Insurance - Contributions			
Paid by Employer	23,849	49,932	47,674
Contractual Services	23,501	28,669	14,909
Travel	520	1,981	-
Electronic Data Processing	7,777	878	-
Awards and Grants	864,148	441,433	250,663
Total Expenditures	1,162,721	991,922	675,138
Lapsed Balances	<u>\$ 837,279</u>	<u>\$ 1,008,078</u>	<u>\$ 1,324,862</u>
Budget Stabilization Fund - 0686			
Expenditure Authority / Appropriations (Net After Transfers)	\$ -	\$ -	\$ 2,500,000
Expenditures			
Contractual Services	-	-	1,659,906
Travel	-	-	82,655
Commodities	-	-	34,965
Printing	-	-	3,524
Equipment	-	-	27,519
Electronic Data Processing	-	-	180,198
Telecommunications	-	-	169,519
Operation of Auto Equipment	-	-	11,881
Inspector General	-	-	47,250
Prompt Payment Interest	-	-	143,583
Total Expenditures	-	-	2,361,000
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,000</u>
Total All Appropriated Funds			
Expenditure Authority / Appropriations (Net After Transfers)	\$ 5,355,808,417	\$ 3,508,207,825	
Total Appropriated Expenditures	5,284,776,093	3,499,541,802	\$ 4,774,131,756
Lapsed Balances	<u>\$ 71,032,324</u>	<u>\$ 8,666,023</u>	

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Comparative Schedule of Net Appropriations, Expenditures
and Lapsed Balances - Continued**

For the Fiscal Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u> Public Acts 99-0524 and 100-0021, Continuing Appropriations and Court-Ordered Expenditures
<u>Nonappropriated Funds</u>	<u>PA 100-0586 and Continuing Appropriations</u>	<u>PA 100-0021 and Continuing Appropriations</u>	<u>Appropriations and Court-Ordered Expenditures</u>
State Treasurer's Administrative Fund - 0103			
Expenditures			
Contractual Services	\$ -	\$ 21,329	\$ 3,057
Commodities	-	2,297	-
Equipment	-	401	-
Inspector General	-	774	-
Refunds	-	327	-
Total Expenditures	<u>-</u>	<u>25,128</u>	<u>3,057</u>
IPTIP Administrative Trust Fund - 0195			
Expenditures			
Regular Positions	1,252,468	1,189,841	1,213,721
Employee Retirement - Contributions Paid by Employer	36,638	34,690	36,586
State Contribution to State Employees' Retirement System	636,775	597,605	541,347
State Contribution to Social Security Group Insurance - Contributions Paid by Employer	92,059	87,932	88,847
Contractual Services	291,331	285,412	366,302
Travel	2,523,308	2,482,848	2,518,615
Commodities	7,602	18,139	21,979
Equipment	-	233	1,481
Electronic Data Processing	382	650	3,870
Telecommunications	74,590	69,947	44,270
Operation of Auto Equipment	6,842	7,495	7,930
Total Expenditures	<u>3,993</u>	<u>5,192</u>	<u>7,349</u>
Total Expenditures	<u>4,925,988</u>	<u>4,779,984</u>	<u>4,852,297</u>
Metropolitan Pier and Exposition Authority Trust Fund - 0337			
Expenditures			
Pay Surplus Revenues MPEA	44,292,623	5,394,010	10,992,727
Payment of Funds/Bond Payments	164,896,324	110,078,656	146,223,129
Total Expenditures	<u>209,188,947</u>	<u>115,472,666</u>	<u>157,215,856</u>
Protest Fund - 0401			
Expenditures			
Refund of Monies Paid Under Protest	5,246,070	8,580,285	48,590,181
Unclaimed Property Trust Fund - 0482			
Expenditures			
Refunds of Unclaimed Property	195,923,666	138,994,098	115,482,701

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Comparative Schedule of Net Appropriations, Expenditures
and Lapsed Balances - Continued**

For the Fiscal Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u> Public Acts 99-0524 and 100-0021, Continuing Appropriations and Court-Ordered Expenditures
Nonappropriated Funds	PA 100-0586 and Continuing Appropriations	PA 100-0021 and Continuing Appropriations	
College Savings Pool Administrative Trust Fund - 0668			
Expenditures			
Regular Positions	\$ 1,141,913	\$ 1,159,645	\$ 846,732
Employee Retirement - Contributions			
Paid by Employer	38,698	39,959	29,166
State Contribution to State Employees' Retirement System	573,945	564,157	377,637
State Contribution to Social Security	84,576	85,681	62,482
Group Insurance - Contributions			
Paid by Employer	247,603	262,077	222,559
Contractual Services	1,024,410	804,411	786,930
Travel	22,438	27,581	21,205
Commodities	3,787	1,022	-
Electronic Data Processing	47,139	66,261	-
Telecommunications	1,229	1,290	2,985
Prompt Payment Interest	-	-	133
Total Expenditures	<u>3,185,738</u>	<u>3,012,084</u>	<u>2,349,829</u>
Commemorative Medallions Fund - 0767			
Expenditures			
Contractual Services	<u>20,378</u>	<u>-</u>	<u>-</u>
Convention Center Support Fund - 0933			
Expenditures			
Grants to Local Governments	<u>6,699,506</u>	<u>6,839,133</u>	<u>2,077,576</u>
Total Nonappropriated Expenditures	<u>425,190,293</u>	<u>277,703,378</u>	<u>330,571,497</u>
Total - All Funds Expenditures	<u>\$ 5,709,966,386</u>	<u>\$ 3,777,245,180</u>	<u>\$ 5,104,703,253</u>

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Comparative Schedule of Net Appropriations, Expenditures
and Lapsed Balances - Continued**

For the Fiscal Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>
The Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances does not include State officers' salaries paid by the Office of the Comptroller. For the years ended June 30, 2019, 2018 and 2017, State officers' salaries paid from the Office of the Comptroller appropriation were as follows:			
Salaries paid from the Comptroller			
Illinois State Treasurer	\$ 135,669	\$ 135,669	\$ 135,669
Executive Inspector General	<u>100,000</u>	<u>105,996</u>	<u>105,996</u>
Total Expenditures	<u>\$ 235,669</u>	<u>\$ 241,665</u>	<u>\$ 241,665</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Office records as of September 30, 2017, October 31, 2018, and October 31, 2019, and reconciled to records of the Illinois Office of the Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Treasurer and submitted to the State Comptroller for payment to the vendor.

Note 3: The Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supercede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Office was able to submit vouchers to pay its employees in full from Fund 0001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017. Upon the passage of Public Act 100-0021 the Office's court ordered payroll payments for the Secured Choice program were merged into the enacted appropriation within Fund 0054 during Fiscal Year 2017.

Note 4: The General Obligation Bond Act (30 ILCS 330/14 and 16) provides a continuing appropriation for the State's payment of principal and interest due on general obligation bonds and for the escrow payments due on refunded bonds. The Illinois Estate and Generation-Skipping Transfer Tax Act (35 ILCS 405/13) provides a continuing appropriation for the State's payment of estate tax refunds due.

Note 5: Public Act 99-0524 authorized the Treasurer to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Comparative Schedule of Cash Receipts and
Reconciliation of Cash Receipts to
Deposits Remitted to the State Comptroller**

For the Years Ended June 30

	2019	2018	2017
General Revenue Fund - 0001			
Investment Income	\$ 143,180,323	\$ 77,219,718	\$ 35,087,975
Miscellaneous Receipts	11,487,922	42,323	6,381
Private Organizations or Individuals	700	2,506	655
Reimbursement From Employees for Jury Duty and Personal Phone Calls	81	60	104
Prior Year Refund/Voided Warrants	8,897	-	-
Total Cash Receipts per Office	<u>154,677,923</u>	<u>77,264,607</u>	<u>35,095,115</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 154,677,923</u>	<u>\$ 77,264,607</u>	<u>\$ 35,095,115</u>
State Pensions Fund - 0054			
Miscellaneous Receipts	\$ 1,500	\$ 65	\$ 32
Prior Year Refund/Voided Warrants	139,003	1,436	52
Total Cash Receipts per Office	<u>140,503</u>	<u>1,501</u>	<u>84</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 140,503</u>	<u>\$ 1,501</u>	<u>\$ 84</u>
General Obligation Bond Retirement and Interest Fund - 0101			
Investment Income	\$ 34,719,232	\$ 19,787,912	\$ 9,518,146
Total Cash Receipts per Office	<u>34,719,232</u>	<u>19,787,912</u>	<u>9,518,146</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 34,719,232</u>	<u>\$ 19,787,912</u>	<u>\$ 9,518,146</u>
State Treasurer's Administrative Fund - 0103*			
Administration Fee	\$ 11,366,667	\$ -	\$ -
Circuit Clerk Collection - Administration Fees	22,603	23,117	21,380
Investment Income	78,088	543	201
Total Cash Receipts per Office	<u>11,467,358</u>	<u>23,660</u>	<u>21,581</u>
Less - In Transit at End of Year	(187)	(179)	(97)
Plus - In Transit at Beginning of Year	179	97	73
Total Cash Receipts per State Comptroller's Records	<u>\$ 11,467,350</u>	<u>\$ 23,578</u>	<u>\$ 21,557</u>
Estate Tax Refund Fund - 0121			
Estate Taxes	\$ 24,000,342	\$ 23,823,169	\$ 16,370,508
Prior Year Refund/Voided Warrants	-	-	69,015
Total Cash Receipts per Office	<u>24,000,342</u>	<u>23,823,169</u>	<u>16,439,523</u>
Less - In Transit at End of Year	(231,851)	(1,016,321)	(75,787)
Plus - In Transit at Beginning of Year	1,016,321	75,787	381,690
Total Cash Receipts per State Comptroller's Records	<u>\$ 24,784,812</u>	<u>\$ 22,882,635</u>	<u>\$ 16,745,426</u>

*Item was omitted from the FY16/17 Compliance Report

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Comparative Schedule of Cash Receipts and
Reconciliation of Cash Receipts to
Deposits Remitted to the State Comptroller - Continued**

For the Years Ended June 30

	2019	2018	2017
IPTIP Administrative Trust Fund - 0195			
State and Local Government	\$ 5,582,557	\$ 4,352,864	\$ 4,754,175
Reimbursement From Employees for Jury Duty and Personal Phone Calls	34	-	-
Prior Year Refund/Voided Warrants	38,016	-	-
Total Cash Receipts per Office	<u>5,620,607</u>	<u>4,352,864</u>	<u>4,754,175</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 5,620,607</u>	<u>\$ 4,352,864</u>	<u>\$ 4,754,175</u>
Illinois Secure Choice Administrative Fund - 0254			
License Fee or Registration	\$ 258	\$ -	\$ -
Investment Income	1	-	-
Total Cash Receipts per Office	<u>259</u>	<u>-</u>	<u>-</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ -</u>
Methamphetamine Law Enforcement Fund - 0283			
Fines, Penalties, or Violations	\$ 56,206	\$ 44,328	\$ 31,304
Total Cash Receipts per Office	<u>56,206</u>	<u>44,328</u>	<u>31,304</u>
Less - In Transit at End of Year*	(292)	(15)	(500)
Plus - In Transit at Beginning of Year	15	500	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 55,929</u>	<u>\$ 44,813</u>	<u>\$ 30,804</u>
Hospital Basic Services Preservation Fund - 0284			
Returned Collateral	\$ 91,667	\$ 91,667	\$ 91,673
Total Cash Receipts per Office	<u>91,667</u>	<u>91,667</u>	<u>91,673</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 91,667</u>	<u>\$ 91,667</u>	<u>\$ 91,673</u>
Treasurer's Rental Fee Fund - 0331			
Rental Income	\$ 22,733	\$ 24,915	\$ 12,934
Total Cash Receipts per Office	<u>22,733</u>	<u>24,915</u>	<u>12,934</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 22,733</u>	<u>\$ 24,915</u>	<u>\$ 12,934</u>
Metropolitan Pier and Exposition Authority Trust Fund - 0337			
Airport Departure Tax*	\$ 6,868,801	\$ 7,421,361	\$ 8,403,725
Investment Income	419,779	415,125	115,374
Total Cash Receipts per Office	<u>7,288,580</u>	<u>7,836,486</u>	<u>8,519,099</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 7,288,580</u>	<u>\$ 7,836,486</u>	<u>\$ 8,519,099</u>

*Item was omitted from the FY16/17 Compliance Report

(continued)

State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities

Compliance Examination
Comparative Schedule of Cash Receipts and
Reconciliation of Cash Receipts to
Deposits Remitted to the State Comptroller - Continued

For the Years Ended June 30

	2019	2018	2017
Illinois ABLE Accounts Administrative Fund - 0358			
License Fee or Registration	\$ 2,363	\$ 861	\$ -
Investment Income	38	3	-
Total Cash Receipts per Office	<u>2,401</u>	<u>864</u>	<u>-</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u><u>\$ 2,401</u></u>	<u><u>\$ 864</u></u>	<u><u>\$ -</u></u>
Charitable Trust Stabilization Fund - 0435			
Investment Income	\$ 53,778	\$ 48,447	\$ 28,379
Prior Year Refund/Voided Warrants	11,191	-	-
Total Cash Receipts per Office	<u>64,969</u>	<u>48,447</u>	<u>28,379</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u><u>\$ 64,969</u></u>	<u><u>\$ 48,447</u></u>	<u><u>\$ 28,379</u></u>
Unclaimed Property Trust Fund - 0482			
Unclaimed Assets	\$ 521,481,032	\$ 452,568,522	\$ 255,000,870
Prior Year Refund/Voided Warrants	36,955	4,348	23,050
Total Cash Receipts per Office	<u>521,517,987</u>	<u>452,572,870</u>	<u>255,023,920</u>
Less - In Transit at End of Year	(3,992,966)	(1,367,309)	(415,550)
Plus - In Transit at Beginning of Year	1,367,309	415,550	610,501
Total Cash Receipts per State Comptroller's Records	<u><u>\$ 518,892,330</u></u>	<u><u>\$ 451,621,111</u></u>	<u><u>\$ 255,218,871</u></u>
College Savings Pool Administrative Trust Fund - 0668			
Investment Income	\$ 58,080	\$ 48,051	\$ 22,738
License Fee or Registration	2,191,972	2,130,619	2,214,774
Prior Year Refund/Voided Warrants	14,558	17,995	-
Total Cash Receipts per Office	<u>2,264,610</u>	<u>2,196,665</u>	<u>2,237,512</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u><u>\$ 2,264,610</u></u>	<u><u>\$ 2,196,665</u></u>	<u><u>\$ 2,237,512</u></u>
Rate Adjustment Fund - 0685			
Investment Income	\$ 130,621	\$ 97,967	\$ 36,178
Total Cash Receipts per Office	<u>130,621</u>	<u>97,967</u>	<u>36,178</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u><u>\$ 130,621</u></u>	<u><u>\$ 97,967</u></u>	<u><u>\$ 36,178</u></u>
Budget Stabilization Fund - 0686			
Prior Year Refund/Voided Warrants	\$ -	\$ 78	\$ -
Total Cash Receipts per Office	<u>-</u>	<u>78</u>	<u>-</u>
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u><u>\$ -</u></u>	<u><u>\$ 78</u></u>	<u><u>\$ -</u></u>

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Comparative Schedule of Cash Receipts and
Reconciliation of Cash Receipts to
Deposits Remitted to the State Comptroller - Continued**

For the Years Ended June 30

	2019	2018	2017
Capital Projects Fund - 0694			
Investment Income	\$ 3,099,341	\$ 2,577,347	\$ 454,257
Total Cash Receipts per Office	3,099,341	2,577,347	454,257
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 3,099,341</u>	<u>\$ 2,577,347</u>	<u>\$ 454,257</u>
Commemorative Medallions Fund - 0767			
Product Sales	\$ 29,565	\$ 3,645	\$ -
Total Cash Receipts per Office	29,565	3,645	-
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 29,565</u>	<u>\$ 3,645</u>	<u>\$ -</u>
State Treasurer Court Ordered Escrow Fund - 0932			
Investment Income	\$ 12,489	\$ 8,342	\$ 4,483
Total Cash Receipts per Office	12,489	8,342	4,483
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 12,489</u>	<u>\$ 8,342</u>	<u>\$ 4,483</u>
Convention Center Support Fund - 0933			
Airport Departure Tax - Increase	\$ 1,897,889	\$ 1,674,651	\$ 2,100,931
Total Cash Receipts per Office	1,897,889	1,674,651	2,100,931
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 1,897,889</u>	<u>\$ 1,674,651</u>	<u>\$ 2,100,931</u>
MPEA Grants Fund - 0941			
Airport Departure Tax - Increase	\$ 5,693,668	\$ 5,023,953	\$ 6,302,794
Total Cash Receipts per Office	5,693,668	5,023,953	6,302,794
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ 5,693,668</u>	<u>\$ 5,023,953</u>	<u>\$ 6,302,794</u>
GRAND TOTAL - ALL FUNDS			
Total Cash Receipts per Office	\$ 772,798,950	\$ 597,455,938	\$ 340,671,588
Less - In Transit at End of Year	(4,225,296)	(2,383,824)	(491,434)
Plus - In Transit at Beginning of Year	2,383,824	491,934	992,264
Total Cash Receipts per State Comptroller's Records	<u>\$ 770,957,478</u>	<u>\$ 595,564,048</u>	<u>\$ 341,172,418</u>

Note: This schedule represents cash receipts not reported in other Office of the Treasurer and other State agency reports. Cash receipts from inheritance/estate taxes, bond issuance, and interest income are included in a separate report-State of Illinois, Office of the Treasurer, Fiscal Officer Responsibilities.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Locally Held Funds**

For the Two Years Ended June 30, 2019

Fund No. 1333 Treasurer's Securities in Safekeeping Fund

Cash balance, July 1, 2017	\$ 215,081
Receipts	-
Disbursements	4,000
	<hr/>
Cash balance June 30, 2018	<u>\$ 211,081</u>
Cash balance, July 1, 2018	\$ 211,081
Receipts	-
Disbursements	-
	<hr/>
Cash balance, June 30, 2019	<u>\$ 211,081</u>

Fund No. 1370 Home Loan Collateral Fund

Cash balance, July 1, 2017	\$ 5,178,393
Receipts	58,216
Disbursements	8,100
	<hr/>
Cash balance June 30, 2018	<u>\$ 5,228,509</u>
Cash balance, July 1, 2018	\$ 5,228,509
Receipts	84,516
Disbursements	41
	<hr/>
Cash balance, June 30, 2019	<u>\$ 5,312,984</u>

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Locally Held Funds - Continued**

For the Two Years Ended June 30, 2019

Fund No. 1383 Hospital Basic Services Preservation Collateral Fund

Cash balance, July 1, 2017	\$ 4,124,960
Receipts	22,089
Disbursements	<u>113,755</u>
Cash balance June 30, 2018	<u>\$ 4,033,294</u>
Cash balance, July 1, 2018	\$ 4,033,294
Receipts	49,442
Disbursements	<u>141,109</u>
Cash balance, June 30, 2019	<u>\$ 3,941,627</u>

State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities

Compliance Examination
Schedule of Changes in State Property

For the Years Ended June 30

	<u>2019</u>	<u>2018</u>
Equipment		
Balance, beginning of fiscal year	\$ 3,854,596	\$ 3,644,735
Additions		
Purchases	277,041	210,669
Inter-agency transfers	71,053	116,161
	<u>348,094</u>	<u>326,830</u>
Deductions		
Inter-agency transfers	244,959	115,311
Inventory adjustments	5,303	1,658
	<u>250,262</u>	<u>116,969</u>
Balance, end of fiscal year	<u><u>\$ 3,952,428</u></u>	<u><u>\$ 3,854,596</u></u>

Note: This schedule has been reconciled to property reports submitted to the Department of Central Management Services and the Office of the Comptroller.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Agency Functions and Planning Program (Not Examined) - Continued
For the Two Years Ended June 30, 2019**

The State of Illinois, Office of the Treasurer, is authorized by the State Treasurer Act (15 ILCS 505 et seq.). The State Treasurer receives the revenues and all other monies of the State of Illinois, and all other monies authorized by law to be paid to the Treasurer and safely keep the same. The Treasurer serves as the State's banker and has responsibility to protect and invest State funds. In accordance with Chapter 22 of the "Audit Guide for Performing Financial Audits and Compliance Attestation Engagements of Illinois State Agencies" (June 2019) issued by the Office of the Auditor General – State of Illinois, we evaluated the "Agency Functions and Planning Program" of the Office of the Treasurer. The following information was prepared based on that evaluation.

Treasury Functions

The principal constitutional and statutory powers related to the State of Illinois, Office of the Treasurer, Michael Frerichs, are as follows:

1. Receipt, disbursement and custody of funds in the State Treasury.
2. Investment of funds in the State Treasury.
3. Ex-officio custodianship of funds controlled by certain other agencies of the State.
4. Custody of securities deposited within the State Treasury as collateral or for safekeeping.
5. Assurance that monies are available to pay principal and interest on general obligation bonds issued by the State.
6. Administration of certain trust funds.
7. Joint administration with the Attorney General of the Illinois Estate Tax Law, including receipt and accounting for tax collections.
8. Administration of the Illinois Public Treasurer's Investment Pool (Illinois Funds).
9. Administration of the Bright Start and Bright Directions College Savings Programs.
10. Administration of Unclaimed Property.
11. Administration of the Charitable Trust grant program, along with the Charitable Trust Board.
12. Administration of the Illinois Growth and Innovation Fund (ILGIF), along with the ILGIF Advisory Counsel.
13. Administration of Illinois ABLE.
14. Administration of the Secure Choice retirement savings program, along with the Secure Choice Board.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Agency Functions and Planning Program (Not Examined) - Continued
For the Two Years Ended June 30, 2019**

To fulfill these Fiscal Responsibilities, the Treasurer's Office is organized into the following divisions:

Executive Office – Headed by the Chief of Staff, has ultimate administrative responsibility for the entire organization and provides control and direction of all operations.

Investments, Banking and Finance – Headed by the Deputy Treasurer and Chief Investment Officer, this division oversees Fiscal Operations, State Investments & Banking, IPTIP Investments, ePAY & the Illinois Funds, Investment Analysis & Due Diligence, Portfolio & Risk Analytics, and Corporate Responsibility & Investment Operations

- Fiscal Operations include balancing the general ledger, processing accounts payable, reconciling bank accounts, and compiling budget estimates for the appropriation process. Fiscal operations also include processing payment warrants, forgery claims and depositing unclaimed property, circuit clerk, estate tax, and other miscellaneous receipts.
- State Investments and Banking is required to receive the revenues and all other public moneys of the State, and all moneys authorized by law to be paid and safely keep the same. Banking operations includes the acceptance of receipts in the forms of coins, cash, checks, drafts, electronic fund transfers, electronic checks, credit card payments, debit card payments and other similar payment instruments and making funds available for the disbursing of payments made by the Comptroller or State Agencies. State investments are made in a manner that will provide safety to principal investment, meet the State's daily cash flow demands and seek the highest investment return, using authorized instruments and supporting community development efforts, in accordance with all State statutes and investment policies governing the investment of State funds.
- IPTIP Investments performs the investment management for the Illinois Funds, managing an investment pool composed of 1,650 local government entities. Investments are intended to earn a competitive rate of return while maintaining safety, in accordance with all State statutes and investment policies governing the investment of public funds.
- ePAY manages the operations of the Treasurer's full-service electronic payment service which provides State and local governments with a safe, timely, and competitively priced electronic payment solution. Operations management include oversight of enrollment, customer support, reporting (compliance) and growth strategies.
- Investment Analysis & Due Diligence is responsible for selection, assessment, and monitoring externally managed investment portfolios and investment fund managers for the Treasurer's Office. Programs include, but are not limited to the 529 College Savings Programs, Secure Choice Retirement Savings Program, Illinois Growth and Innovation Fund, and the Achieving a Better Life Experience (ABLE) Savings Program.
- Portfolio and Risk Analytics works in tandem with the various investment teams by providing modeling and analysis on the Treasurer's Office's investment portfolios to anticipate, identify, and mitigate financial risk exposure. Financial analysis of counterparties provides an effective investment strategy and risk management regimen to optimize risk-adjusted returns in accordance with all State statutes and investment policies governing the investment of public funds.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Agency Functions and Planning Program (Not Examined) - Continued
For the Two Years Ended June 30, 2019**

Investments, Banking and Finance - continued

- Corporate Engagement & Investment Operations manages and executes core investment policies to be implemented across all programs in the Treasurer's Office, enhancing the long-term value of the Office's investments. These policies include: (1) maximizing the participation of qualified investment firms owned by minorities, women, veterans, or disabled persons (MWVD Program); (2) providing preference to investment firms with corporate headquarters located in Illinois (Illinois-Headquartered Program); and (3) integrating (a) environmental; (b) social capital; (c) human capital; (d) business model and innovation; and (e) leadership and governance factors into the investment decision-making process in order to evaluate risk factors that may have a material and relevant financial impact on the safety and/or the performance of our investments.

Financial Products – Headed by the Chief Financial Products Officer, this division manages the Illinois ABLE Program, the Illinois College Savings Pool, and the Illinois Secure Choice Retirement Savings Program.

- Illinois ABLE is a tax-advantaged investment and savings program that provides people with disabilities the option to save for disability-related expenses. The Illinois ABLE Program is a member of the National ABLE Alliance, a partnership of 16 states and the District of Columbia.
- The College Savings Pool consists of two 529 College Savings Programs: Bright Start Direct and Bright Directions Advisor-guided Programs. Both programs provide investment opportunities available under Section 529 of the Internal Revenue Code. Funds invested in the Pool may be used to pay for qualifying higher education expenses.
- The Illinois Secure Choice Retirement Savings Program is administered on behalf of the Illinois Secure Choice Board. Secure Choice offers Illinois workers the ability to save for their retirement if a qualified plan is not offered through their employer.

Operations – Headed by the Chief Operating Officer, this division manages unclaimed property, human resources and administrative support of general services for areas such as telecommunications, facilities maintenance, and vehicles.

- Human Resources Division, which is responsible for development and implementation of a comprehensive system of human resource management for the Treasurer's Office, which includes development and publication of office policies and procedures relating to various issues, such as, collective bargaining, ethics, a job classification system and an office pay plan.
- Unclaimed Property Division, which is responsible for reuniting rightful owners with their lost and abandoned property and receiving and safeguarding property and personal information reported to the Illinois State Treasurer pursuant to the Illinois Revised Uniform Unclaimed Property Act. Unclaimed Property consists of money and other assets that are considered lost or abandoned after an owner cannot be located for a specific period of time, generally five years (or seven years if held by a governmental entity).

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Agency Functions and Planning Program (Not Examined) - Continued
For the Two Years Ended June 30, 2019**

Legislative and Policy – Headed by the Chief Legislative and Policy Officer, this division oversees Legislative Affairs, Policy, Invest in Illinois, Financial Education and Charitable Trust.

- Legislative Affairs is responsible for the legislative and rulemaking activities affecting the Treasurer's Office. Duties include developing and monitoring legislative and rulemaking initiatives; researching, analyzing and drafting legislation and administrative rules; filing appointment documents and monitoring appointments requiring Senate confirmation; working with the members of the General Assembly on legislative, rulemaking and constituent issues; and keeping the Treasurer and program management staff advised on all legislation impacting the Treasurer's Office.
- Invest in Illinois oversees many programs administered by the Illinois State Treasurer's Office, including Ag Invest, Linked Deposits, Access to Capital and Finally Home. These programs are community development oriented and range from loan assistance to farmers to economic development projects.
- Financial Education provides financial literacy resources to teachers and school districts across the State and promotes financial education for residents of all ages through community events.
- Charitable Trust Grant Program - created by the Charitable Trust Stabilization Act and funded by filing fees for non-profits, this program helps small non-profits across Illinois with grant awards of up to \$25,000.

Legal - Headed by the General Counsel, this division is responsible for handling procurement and legal affairs of the Treasurer's Office including negotiating and drafting contracts and other legal agreements, coordinating responses to FOIA requests, performing legal analysis and offering legal opinions, coordinating representation of the Treasurer's Office by outside legal counsel, and providing legal support to the other divisions of the Treasurer's Office.

Communications and Civic Engagement - Headed by the Chief Communications and Civic Engagement Officer, this division oversees communications and civic engagement.

- Communications provides for the creation and development of messaging and branding for the Treasurer's Office, all publications and printed materials via an in-house print shop, including, but not limited to, press releases, media interviews and inquires, monthly e-newsletters, mass mailer campaigns, and promotional materials, as well as the development and maintenance of the Treasurer's websites and social media platforms. Additionally, Communications is responsible for office-wide special events, press conferences associated with various office-wide programs, accompanied by press releases, media interviews, and media inquiries.
- Civic Engagement provides outreach services promoting office programs to entities including elected officials, local governments, labor unions, religious groups, chambers of commerce, ethnic groups, boards and commissions, and nonprofit groups. Civic Engagement directly oversees special events throughout the State, and frequently presents to various groups regarding services provided by the Treasurer's Office in an effort to continually promote the office and inform constituents of available public services.

Information Technology – Headed by the Chief Technology Officer, this division is responsible for meeting the data processing needs of the operational divisions of the Treasurer's Office through the provision of the most up-to-date electronic solutions available in the marketplace. All new software, hardware and internal development follows the SSDLC (Secure Software Development Lifecycle). With a security first mindset, the Office makes securing its assets a top priority. This division maintains all operational systems and provides both hardware and software support for the Treasurer's Hybrid Cloud and on-premise environment. The division also includes the Project Management Office (PMO) which aims to manage organizational change in a standardized way.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Agency Functions and Planning Program (Not Examined) - Continued
For the Two Years Ended June 30, 2019**

Internal Audit – Headed by the Chief Internal Auditor, this division is responsible for conducting a comprehensive program of internal audits under the Fiscal Control and Internal Auditing Act, including conducting audits and reviews of agency programs, policies and procedures, to evaluate effectiveness; developing the Annual Audit Plan, monitoring implementation of audit recommendations and providing consulting services when requested. The division is also the liaison to external auditors.

Scheduling – Headed by the Director of Scheduling Logistics, this division is responsible for the scheduling and coordination of all Treasurer’s Office events and special activities.

Treasurer’s Planning Program

The Office of the Treasurer is responsible for the safekeeping and investing of monies deposited with the Office and for disbursing monies upon order of the Comptroller. The Treasurer’s investment policies are governed by State statute. In addition, the Treasurer’s Office has adopted its own investment practices to supplement the statutory requirements.

The Treasurer has created an Investment Policy Committee to provide guidance in the allocation of State assets within the Treasurer’s investment portfolio. The committee also develops strategy for the selection of the State’s depositories and designs and implements programmatic initiatives to address community development needs throughout the State.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined)**

For the Years Ended June 30

The Office's explanations for significant fluctuations of greater than \$20,000 and 20% in expenditures are detailed below.

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2019</u>	<u>2018</u>
General Revenue Fund - 0001		
Regular Positions	\$ -	\$ 4,491,487
Treasurer's Office did not receive a General Revenue Fund (GRF) appropriation in FY19 due to the transition of the GRF appropriation to the Treasurer's Administrative Fund 0103.		
Employee Retirement - Contributions Paid by Employer	-	125,319
Treasurer's Office did not receive a General Revenue Fund (GRF) appropriation in FY19 due to the transition of the GRF appropriation to the Treasurer's Administrative Fund 0103.		
State Contribution to Social Security	-	329,848
Treasurer's Office did not receive a General Revenue Fund (GRF) appropriation in FY19 due to the transition of the GRF appropriation to the Treasurer's Administrative Fund 0103.		
Contractual Services	-	1,409,590
Treasurer's Office did not receive a General Revenue Fund (GRF) appropriation in FY19 due to the transition of the GRF appropriation to the Treasurer's Administrative Fund 0103.		
Travel	-	47,982
Treasurer's Office did not receive a General Revenue Fund (GRF) appropriation in FY19 due to the transition of the GRF appropriation to the Treasurer's Administrative Fund 0103.		
Electronic Data Processing	-	468,167
Treasurer's Office did not receive a General Revenue Fund (GRF) appropriation in FY19 due to the transition of the GRF appropriation to the Treasurer's Administrative Fund 0103.		
Telecommunications	-	108,153
Treasurer's Office did not receive a General Revenue Fund (GRF) appropriation in FY19 due to the transition of the GRF appropriation to the Treasurer's Administrative Fund 0103.		
Inspector General	-	84,866
Treasurer's Office did not receive a General Revenue Fund (GRF) appropriation in FY19 due to the transition of the GRF appropriation to the Treasurer's Administrative Fund 0103.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2019</u>	<u>2018</u>
State Pensions Fund - 0054		
Regular Positions	\$ 7,327,219	\$ 4,436,206
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		
Employee Retirement - Contributions Paid by Employer	171,236	88,352
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		
State Contribution to State Employees' Retirement System	3,682,002	2,178,190
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		
State Contribution to Social Security	536,553	324,494
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		
Group Insurance - Contributions Paid by Employer	2,088,925	1,271,083
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		
Contractual Services	3,365,372	2,343,133
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		
Travel	104,261	62,051
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		
Commodities	72,390	37,573
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		
Electronic Data Processing	1,193,543	527,965
Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2019</u>	<u>2018</u>
State Pension Fund - 0054 - Continued		
Telecommunications Additional appropriation due to transition of GRF appropriation to Fund 0103 to cover operational expenses during first six months of collection of Administrative fees in Fund 0103.	\$ 236,592	\$ 143,012
Renovations Expenses incurred related to the State Treasurer's new office building.	5,019,028	-
General Obligation Retirement and Interest Fund - 0101		
Payment of Principal on General Obligation Bonds and Short Term Payments are based on bond maturity schedules. The increase was due to higher maturities in FY19.	2,539,512,317	1,989,202,806
Escrow Payments on Refunding Bond Issue Refunding bond series issued in FY19 but not FY18.	1,168,590,871	-
State Treasurer's Administrative Fund - 0103		
Regular Positions Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.	2,695,800	-
Employee Retirement - Contributions Paid by Employer Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.	74,347	-
State Contribution to State Employees' Retirement System Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.	1,392,593	-
State Contribution to Social Security Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.	198,941	-

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2019</u>	<u>2018</u>
State Treasurer's Administrative Fund - 0103 - Continued		
Group Insurance - Contributions Paid by Employer	\$ 661,636	\$ -
Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.		
Contractual Services	479,817	-
Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.		
Travel	54,022	-
Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.		
Commodities	26,237	-
Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.		
Equipment	68,048	-
Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.		
Electronic Data Processing	123,727	-
Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.		
Telecommunications	65,732	-
Treasurer's Office did not receive an appropriation in the State Treasurer's Administrative Fund (0103) in FY18. These expenses were recorded in the General Revenue Fund (GRF) in FY18 and transitioned to Fund 0103 in FY19.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2019</u>	<u>2018</u>
Charitable Trust Stabilization Fund - 0435		
Regular Positions Full implementation of Charitable Trust continued through FY18.	\$ 148,984	\$ 294,663
State Contribution to State Employees' Retirement System Full implementation of Charitable Trust continued through FY18.	76,941	142,153
Group Insurance - Contributions Paid by Employer Full implementation of Charitable Trust continued through FY18.	23,849	49,932
Awards and Grants Full implementation of Charitable Trust continued through FY18. Program was fully operational as of FY19 in awarding grants.	864,148	441,433
State Treasurer's Administrative Fund - 0103 - Nonappropriated		
Contractual Services Fund transitioned to an appropriated fund for FY19; all expenditures captured in appropriated portion of FY19.	-	21,329
Metropolitan Pier & Exposition - 0337		
Pay Surplus Revenues MPEA Increase due to the payoff of the 2010 payment deficiency amount and an increase in the bond debt service and reduction certification amounts from the Metropolitan Pier & Exposition Authority	44,292,623	5,394,010
Payment of Funds/Bond Payments Increase due to the certification amounts due to Metro Pier for FY19.	164,896,324	110,078,656
Protest Fund - 0401		
Refund of Monies Paid Under Protest The decrease was due to a smaller volume and smaller refund amounts processed in FY19 compared to FY18.	5,246,070	8,580,285

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2019</u>	<u>2018</u>
Unclaimed Property Trust Fund - 0482		
Refunds of Unclaimed Property	\$ 195,923,666	\$ 138,994,098
Change in statute reducing the time to report unclaimed property to 5 years and the implementation of the Treasurer's Office money match initiative to return funds to citizens.		
 College Savings Pool Administrative Trust Fund - 0668		
Contractual Services	1,024,410	804,411
Increase due to marketing campaigns for efforts to grow the Program to assist in higher education planning.		
 Commemorative Medallions Fund - 0767		
Contractual Services	20,378	-
Commemorative Medallion purchased to fulfill orders of medallions sold for the State of Illinois Bicentennial.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2018</u>	<u>2017</u>
General Revenue Fund - 0001		
Contractual Services	\$ 1,409,590	\$ 551,313
Increase due to prompt payment interest paid due to budget impasse and lack of GRF budget.		
Travel	47,982	15,750
Increase due to prompt payment interest paid due to budget impasse and lack of GRF budget.		
Electronic Data Processing	468,167	17,224
Increase in due to lack of GRF budget in FY17 due to budget impasse.		
Telecommunications	108,153	-
Change in fund appropriation for telecommunication expenses from Budget Stabilization Fund 0686 in FY17 to GRF in FY18.		
Refunds of Accrued Interest on Protested Tax Cases	163,029	94,844
Increase in the amount of interest owed on protest award payments.		
State Pensions Fund - 0054		
Commodities	37,573	70,221
Decrease in operational needs of commodity items from FY17 to FY18.		
Equipment	39,224	97,278
Security system and replacement fleet vehicle purchased in FY17.		
Electronic Data Processing	527,965	152,004
New software and application development expenses incurred in FY18 to support Treasurer's Office programs and operations.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2018</u>	<u>2017</u>
General Obligation Bond Retirement and Interest Fund - 0101		
Escrow Payments on Refunding Bond Issue Refunding bond series issued in FY17 but not FY18.	\$ -	\$ 1,392,723,486
Estate Tax Refund Fund - 0121		
Estate Tax Refunds Increase in volume and amount of refunds requested in FY18.	13,742,400	6,617,707
Charitable Trust Stabilization Fund - 0435		
Regular Positions Increase due to Program finalizing implementation in FY18.	294,663	232,223
State Contribution to State Employees' Retirement System Increase due to Program finalizing implementation in FY18.	142,153	103,567
Awards and Grants Increase in grant award payments from FY17 to FY18.	441,433	250,663
Budget Stabilization Fund - 0686		
Contractual Services Change in fund appropriation for operating expenses from FY17 to FY18 due to the budget impasse.	-	1,659,906
Travel Change in fund appropriation for operating expenses from FY17 to FY18 due to the budget impasse.	-	82,655
Commodities Change in fund appropriation for operating expenses from FY17 to FY18 due to the budget impasse.	-	34,965
Equipment Change in fund appropriation for operating expenses from FY17 to FY18 due to the budget impasse.	-	27,519
Electronic Data Processing Change in fund appropriation for operating expenses from FY17 to FY18 due to the budget impasse.	-	180,198

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2018</u>	<u>2017</u>
Budget Stabilization Fund - 0686 - Continued		
Telecommunications	\$ -	\$ 169,519
Change in fund appropriation for operating expenses from FY17 to FY18 due to the budget impasse.		
Inspector General	-	47,250
Change in fund appropriation for operating expenses from FY17 to FY18 due to the budget impasse.		
Prompt Payment Interest	-	143,583
Change in fund appropriation for operating expenses from FY17 to		
IPTIP Administrative Trust fund - 0195		
Group Insurance - Contributions Paid by Employer	285,412	366,302
Decrease due to lower amount allocated to employee payroll.		
Electronic Data Processing	69,947	44,270
Increase due to upgrades in IT.		
Metropolitan Pier and Exposition Authority Trust Fund - 0337		
Pay Surplus Revenues MPEA	5,394,010	10,992,727
Decrease due to a lower amount needed to pay off the 2010		
Payment of Funds/Bond Payments	110,078,656	146,223,129
Decrease due to the bond debt service and reduction certification amounts with the Metropolitan Pier & Exposition Authority.		
Protest Fund - 0401		
Refund of Monies Paid Under Protest	8,580,285	48,590,181
The decrease was due to a smaller volume and smaller refund amounts processed in FY18 compared to FY17.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Expenditures (Not Examined) - Continued**

For the Years Ended June 30

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2018</u>	<u>2017</u>
Unclaimed Property Trust Fund - 0482		
Refunds of Unclaimed Property	\$ 138,994,098	\$ 115,482,701
Change in statute reducing the time to report unclaimed property and the Treasurer's Office money match initiative to return funds to citizens.		
 College Savings Pool Administration Fund - 0668		
Regular Positions	1,159,645	846,732
Increase due to reallocation of employee payroll.		
State Contribution to State Employees' Retirement System	564,157	377,637
Increase due to increase in employee retirement rate, as well as a reallocation of employee payroll.		
State Contribution to Social Security	85,681	62,482
Increase due to reallocation of employee payroll.		
Electronic Data Processing	66,261	-
Increase due to upgrades in IT.		
 Convention Center Support Fund - 0933		
Grants to Local Governments	6,839,133	2,077,576
The increase was due to a \$5 million annual payment to the Village of Rosemont being paid in FY18 but a lack of adequate funding in FY17.		

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Cash Receipts (Not Examined)**

For the Years Ended June 30

The Office's explanations for significant fluctuations of greater than \$20,000 and 20% in cash receipts are detailed below.

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2019</u>	<u>2018</u>
General Revenue Fund - 0001		
Investment Income	\$ 143,180,323	\$ 77,219,718
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
Miscellaneous Receipts	11,487,922	42,323
In Fiscal Year 2019, a one time lawsuit settlement was received for approximately \$11.480 million.		
State Pensions Fund - 0054		
Prior Year Refund/Voided Warrants	139,003	1,436
The Treasurer has no control over collection of prior year refunds or voided warrants. A large prior year refund was received from SERS in Fiscal Year 2019.		
General Obligation Bond Retirement and Interest Fund - 0101		
Investment Income	34,719,232	19,787,912
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
State Treasurer's Administrative Fund - 0103		
Administration Fee	11,366,667	-
P.A. 100-587 allowed the Treasurer to retain a 2% administrative charge for both the costs of services associated with the deposit of moneys that are remitted directly to the Treasurer and the investment of funds held in safekeeping by the Treasurer.		
Investment Income	78,088	543
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
IPTIP Administrative Trust Fund - 0195		
State and Local Government	5,582,557	4,352,864
The increase in revenue was due to rising interest rates which gave the Treasurer more fee income. Also, the portfolio balance was higher in Fiscal Year 2019.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Cash Receipts (Not Examined) - Continued**

For the Years Ended June 30

The Office's explanations for significant fluctuations of greater than \$20,000 and 20% in cash receipts are detailed below.

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2019</u>	<u>2018</u>
IPTIP Administrative Trust Fund - 0195 - Continued		
Prior Year Refund/Voiced Warrants	\$ 38,016	\$ -
The Treasurer has no control over collection of prior year refunds or voided warrants. A large prior year refund was received from SERS in Fiscal Year 2019.		
 Unclaimed Property Trust Fund - 0482		
Prior Year Refund/Voiced Warrants	36,955	4,348
The Treasurer has no control over collection of prior year refunds or voided warrants.		
 Rate Adjustment Fund - 0685		
Investment Income	130,621	97,967
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
 Capital Projects Fund - 0694		
Investment Income	3,099,341	2,577,347
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
 Commemorative Medallions Fund - 0767		
Product Sales	29,565	3,645
The Treasurer issued Bicentennial Medallions for the State of Illinois' 200th birthday.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Cash Receipts (Not Examined)**

For the Years Ended June 30

The Office's explanations for significant fluctuations of greater than \$20,000 and 20% in cash receipts are detailed below.

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2018</u>	<u>2017</u>
General Revenue Fund - 0001		
Investment Income	\$ 77,219,718	\$ 35,087,975
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
Miscellaneous Receipts	42,323	6,381
Income increased due to collection of various restitution recoveries.		
General Obligation Bond Retirement and Interest Fund - 0101		
Investment Income	19,787,912	9,518,146
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
Estate Tax Refund Fund - 0121		
Estate Taxes	23,823,169	16,370,508
The Treasurer collected more estate taxes from estates that owed the tax than in the prior year. The Treasurer has no control over the amount collected.		
Prior Year Refund/Voided Warrants	-	69,015
The Treasurer has no control over collection of prior year refunds or voided warrants. No prior year refunds were received and no warrants were voided in Fiscal Year 2018.		
Metropolitan Pier and Exposition Authority Trust Fund - 0337		
Investment Income	415,125	115,374
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
Charitable Trust Stabilization Fund - 0435		
Investment Income	48,447	28,379
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		

(continued)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Variations in Cash Receipts (Not Examined) - Continued**

For the Years Ended June 30

The Office's explanations for significant fluctuations of greater than \$20,000 and 20% in cash receipts are detailed below.

<u>Fund, Account (if Applicable), and Explanation</u>	<u>2018</u>	<u>2017</u>
Unclaimed Property Trust Fund - 0482		
Unclaimed Assets	\$ 452,568,522	\$ 255,000,870
The increase in unclaimed assets remitted to the Treasurer was due to 765 ILCS 1026 effective January 1, 2018, which changed holder reporting by decreasing most dormancy periods from 5 years to 3 years.		
 College Savings Pool Administrative Trust Fund - 0668		
Investment Income	48,051	22,738
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
 Rate Adjustment Fund - 0685		
Investment Income	97,967	36,178
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
 Capital Projects Fund - 0694		
Investment Income	2,577,347	454,257
Increased investment income was attributed to the investment strategy for the State Portfolio shifting to take advantage of raising rates, higher yielding security classes and longer dated maturities.		
 Convention Center Support Fund - 0933		
Airport Departure Tax	1,674,651	2,100,931
This revenue is directly tied to the amount of airport departure tax collected. The amount of airport departure tax collected decreased.		
 MPEA Grants Fund - 0941		
Airport Departure Tax	5,023,953	6,302,794
This revenue is directly tied to the amount of airport departure tax collected. The amount of airport departure tax collected decreased.		

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Analysis of Significant Lapse Period Spending (Not Examined)**

For the Sixteen Months ended October 31, 2019

The Office's explanations for significant lapse period spending of greater than \$20,000 and 20% of total expenditures, are detailed below:

<u>Fund, Account (if Applicable), and Explanation</u>	<u>Disbursements During Lapse Period</u>	<u>Disbursements for Sixteen Months Ended October 31, 2019</u>	<u>Percentage of Expenditures in Lapse Period</u>
State Treasurer's Bank Service Trust Fund - 0373			
Payments for Banking Services	\$ 1,689,975	\$ 5,236,768	32.27%
Delay in receipt of vendor invoices for banking and investment services provided by June 30, 2019.			

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Average Number of Employees (Not Examined)**

For the Years Ended June 30

Treasurer's Personnel

The average number of personnel employed at the Treasurer's Office is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Civic Engagement Division	19	16	16
Communications Division	6	6	6
Credit Risk Analysis Division	3	3	2
Executive Offices Division	2	5	8
Financial Products Division	5	2	0
Fiscal Operations Division	16	16	18
Human Resources Division	2	2	2
Information Technology Division	14	12	12
Inspector General Division	1	1	1
Internal Audit Division	3	3	3
Investments Banking & Finance Division	6	5	4
Legal Division	11	9	8
Legislative Division	0	2	3
Legislative & Policy Division	8	5	0
Operations Division	9	10	9
Policy & Programs Division	0	3	7
Public Affairs Division	0	1	1
Scheduling and Events Division	3	3	3
State Portfolio & Banking Division	14	15	17
Unclaimed Property Division	43	44	42
Subtotal - personnel compensated through appropriated funds	<u>165</u>	<u>163</u>	<u>162</u>
Illinois Funds - IPTIP Administrative Trust Fund employees (compensated through nonappropriated State Treasury Fund)	12	13	15
College Savings Administrative Trust Fund employees (compensated through nonappropriated State Treasury Fund)	<u>2</u>	<u>2</u>	<u>2</u>
Total average number of Treasurer personnel	<u><u>179</u></u>	<u><u>178</u></u>	<u><u>179</u></u>

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Emergency Purchases (Not Examined)**

For the Years Ended June 30

The Office reported the following emergency purchases to the Office of the Auditor General

<u>Description</u>	<u>2019</u>	<u>2018</u>
Month-to-month lease extension of the Treasurer's existing lease of rentable office space in the Illinois Business Center located at 400 W Monroe St in the city of Springfield, IL	<u>\$ 53,165</u>	<u>\$ -</u>
Total	<u><u>\$ 53,165</u></u>	<u><u>\$ -</u></u>